GRAZING LEASES AND PUBLIC LANDS IN ALBERTA

Background Information for Public Input
on Alberta's
Grazing Lease Conversion Policy

December 1986

TASK FORCE ON GRAZING LEASE CONVERSION
Government of Alberta

Alberta
FORESTRY, LANDS AND WILDLIFE

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Additional copies of this booklet are available free of charge from:

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Information Centre
Main Floor, Bramalea Building
9920 - 108 Street
Edmonton, Alberta
T5K 2M4

Telephone: (403) 427-3590

Sources of tabular information and other data in this booklet are the Government of Alberta, the Department of Forestry, Lands and Wildlife , and its Public Lands Division

GRAZING LEASES AND PUBLIC LANDS IN ALBERTA

The Minister of Forestry, Lands and Wildlife has appointed a task force to conduct a public input program on the Government of Alberta's grazing lease conversion policy of August 1, 1985. This task force will listen to concerns and comments received at public input sessions on the policy and prepare a report.

Approvals of conversions under this policy in Alberta's Southern and Central administrative regions have been frozen until this public input process is completed.

Background

This booklet provides background on the policy, including a full text of the policy, the government's reasons for the changes made on August 1, 1985, and the issues surrounding the policy since that time. It is important for all those interested to understand clearly what the policy is about. This will make it easier to provide meaningful input.

Public Input Sessions

While this booklet covers all areas of the policy, it may not address the special concerns of some interested persons. Further questions and comments will be welcome at public sessions to be held in Medicine Hat, Lethbridge, Calgary, Red Deer, Edmonton and Peace River early in 1987.

Members of the task force will be there to listen to comments. The meeting times, dates and locations will be announced through advertisements in local newspapers and radio stations.

Speakers Available

Meanwhile, speakers from the Department of Forestry, Lands and Wildlife are available to address groups or organizations on the policy. To arrange for a speaker, please telephone the Public Lands Division in Edmonton at (403) 427-6309; check your AGT directory under Government of Alberta for toll-free access.

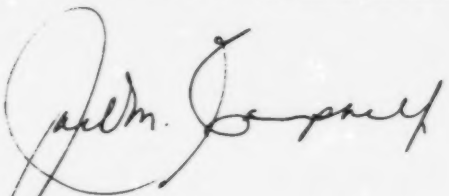
Written Comments

While verbal comments at the public sessions are welcome and will be carefully noted, the public is encouraged to submit written opinions. These will be accepted up to February 16, 1987. Those who wish to do so may also complete the short questionnaire at the back of this booklet and send it to the address below.

The names of those people or groups submitting comments will be listed in a report to be prepared by the task force following public input. A copy will be sent to all those listed and available to others upon request.

Please send all submissions to: Chairman, Task Force of Grazing Lease Conversion, Public Lands Division, 10th Floor, South Petroleum Plaza, 9915 - 108 Street, Edmonton, Alberta, T5K 2C9.

Your interest in public lands and the best possible use of our resources for the benefits of all Albertans is sincerely appreciated.



Jack Campbell
MLA Rocky Mountain House
Task Force Chairman

GRAZING LEASES AND PUBLIC LANDS IN ALBERTA

In June 1986, the newly elected Government of Alberta under Premier Don Getty made reference to the administration of public lands and to changes in its grazing lease conversion policy announced on August 1, 1985:

> The grazing lease conversion policy, introduced several months ago, is consistent with my government's high priority for agriculture. The policy allows leaseholders to use arable land for more productive agricultural purposes. Leased lands, which are suitable for cultivation, may be converted at market value, provided that they are not environmentally sensitive. Agricultural lands in the Green Area* will not be sold unless the integrated resource plans identify agricultural use as a priority. This will ensure that environmentally sensitive lands are not being encroached upon.
>
> Further approvals of conversions in the southern and central administrative regions will be frozen until full public input has been received and any expressed concerns adequately reviewed. In this way, the policy will be sensitive to Albertans' needs, effective, well understood and broadly supported.
>
> Speech from the Throne, June 12, 1986

The Policy

The grazing lease conversion policy deals specifically with converting public land, currently used for livestock grazing, to cultivation.

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* The Green Area covers over 50 per cent of the province, of which about 33 000 sq. mi. (21 million acres) make up the Eastern Slopes. The balance includes large forested areas of public land in northern Alberta. The Green Area is administered by Alberta Forestry, Lands and Wildlife for watershed protection, conservation of environmentally-sensitive lands, timber production, recreation, grazing and other integrated resource uses.

Suitable lands in grazing leases have been available for cultivation or sale in Alberta for at least 30 years. However, until August 1, 1985, they became available only if the leaseholder agreed to have the lands withdrawn from his lease, or when the lease expired.

On August 1, 1985, a few changes were made to this policy. The main revision, discussed below, deals only with the process by which government allows leaseholders of public land to convert suitable lands from a grazing lease to either a lease that permits cultivation or to a purchase agreement.

The other main features of the policy were not changed. The policy still allows holders of grazing leases to convert suitable lands in their leases from grazing to farm development. The leaseholder still has the option to buy the land, if it meets the criteria for conversion set by government, and if certain conditions for purchase are met. These criteria and conditions have not changed. They are outlined in more detail on pages 7 and 8.

No changes were made to the legislation. Section 13 of the Public Lands Act, has always given the Minister the flexibility to decide how leases or sales are issued.

What's Been Changed

Revisions to the policy now allow a grazing leaseholder to convert up to a maximum of six quarter-sections (960 acres) of the lease to farm development without going through the old posting process.

Previously, the leaseholder had to apply to government to convert any part of a grazing lease to farm development. In so doing, a notice was posted in departmental offices and sent to interested parties inviting them to apply for the

land as well. Usually, those who applied were other local farmers. An interim decision on the applications received was made by government based on 'need': the farmer whose operation would benefit most from acquiring the land and cultivating it would get it. The government's interim decision could be appealed through the local agricultural development committee.

In short, the posting process meant that the farmer who wished to convert any part of a grazing lease to cultivation could, by making application, lose it in the end to another farmer. This applied to a leaseholder whether he or she used the land for five or 25 years.

Posting Requirement Removed

This posting requirement was removed on August 1, 1985. Now, the leaseholder may apply to government, and the application is checked to ensure all conditions and criteria are met. If they are, qualified agrologists inspect the land to confirm its suitability for cultivation or refer to a recent field report before approving it. If not, the application is rejected. Land values are determined, based on appraisals using comparable sales data from sales of privately owned land.

BEFORE AUGUST 1, 1985	ON AND AFTER AUGUST 1, 1985
Conditions and criteria have to be met for conversion.	Same conditions and criteria must be met.
Conversion with or without option to purchased is permitted.	Same provisions for conversion with or without option to purchase.
A posting requirement applies.	The posting requirement is removed on up to six quarter-sections.

Benefits of Removing the Posting Process

Removal of the posting process gives rise to at least five beneficial effects:

(1) It removes the risk to the leaseholder of losing leased land which he or she wishes to cultivate. The leaseholders will have fenced the land and in many instances made other improvements such as water development, clearing, breaking and seeding.

(2) It encourages conversion and sale where appropriate, and generates greater returns to:

Farmers	Up to 8 to 10 times more crop income
Municipalities	From 3 to 5 times more in tax revenue
Province	From 6 to 12 times more in rental payments

(3) It prevents the break up or fragmentation of the leaseholder's own farm unit. In effect, the policy allows a farmer to consolidate a farm operation. Typically, the farm operation which includes a grazing lease is a mix of public and private lands. Also, an owner will likely invest more heavily in his or her own operation than in leased land.

(4) It encourages better use of agricultural land, which is consistent with Recommendation 24 of a report prepared by the Environmental Council of Alberta called Maintaining and Expanding Alberta's Agricultural Land Base (summary prepared December 1984). The Council conducted wide public input in preparing this report.

(5) It would provide justification for the Department of Forestry, Lands and Wildlife to consider setting up a special fund in which revenues generated from the sale of leased land to farmers under the grazing lease conversion policy would be used to purchase private lands which

more appropriately belong in public ownership, for example, environmentally sensitive land, key wildlife habitat, etc.

Conditions for Converting

Following are the main conditions that apply when a leaseholder wishes to convert his grazing lease to farm development with or without the option to purchase:

(1) The lessee must have held the lease for at least five years.

(2) Normally a maximum of six quarter-sections (960 acres) may be converted and/or sold for cultivation

(3) Sale of grazing lease land must not break up a block consisting of the lease and adjacent public lands so as to hinder their proper management.

(4) Land is sold at market value based on prices from comparable private land sales, less the value of improvements made by the lessee. Charging market value for the land reduces the potential for speculation.

(5) Land cannot be sold for three years <u>after</u> purchase, unless there are reasonable circumstances which should allow the leaseholder to sell it, such as transfer of title to family members. This requirement also reduces the potential for speculation.

(6) Minimum 10 per cent downpayment is required when a lease with option to purchase is issued.

(7) Rental paid for farm development lease with option to purchase is credited toward the purchase price. The present rental rate is 2 per cent of the purchase price. The rental credit provision applies to any farm development leases with option to purchase in effect or issued on or after July 31, 1985.

(8) Sale agreements can be made for a period of up to 25 years at reasonable interest rates (the current rate is 8 per cent).

(9) The holder of a farm development lease with option to purchase can ask for a second appraisal price when exercising the option to purchase, and pay the lower price. This gives the farmer a chance to purchase the land at its current market value, not at a price set five years ago, for example, which might have been much higher.

(10) The grazing leaseholder is not obliged to convert to farm development if he or she prefers to keep the lease in grazing.

Decisions on Suitability

Following are the criteria which are to be used in deciding which lands held under grazing lease are suitable for conversion:

(1) Government will permit conversion only if the land can be safely cultivated over the long term.

(2) The land will not be converted if it is subject to erosion or required for watershed protection, key wildlife habitat, recreation, parks, subdivision or forestry purposes. Farm development leases without a purchase option may be issued on some of these lands to allow cultivation on specified portions that are not environmentally sensitive or required for the purposes mentioned.

(3) Lands presently providing public access to rivers and streams or other public lands will not be sold if road allowances or easements do not provide reasonable access to these areas.

Amount and Location of Land Affected

Some 5.3 million acres of public land are leased for grazing in Alberta. Roughly 60 per cent, or about 3 million acres, is located in the southern and central regions of Alberta.

Vegetation on these lands varies from the needle-and-thread/blue grama prairie lands in southeastern Alberta and the rough fescue grasslands in the foothills of southwestern Alberta to the parkland which is a combination of open grassland and aspen poplar bluffs found in the east central portion of the province.

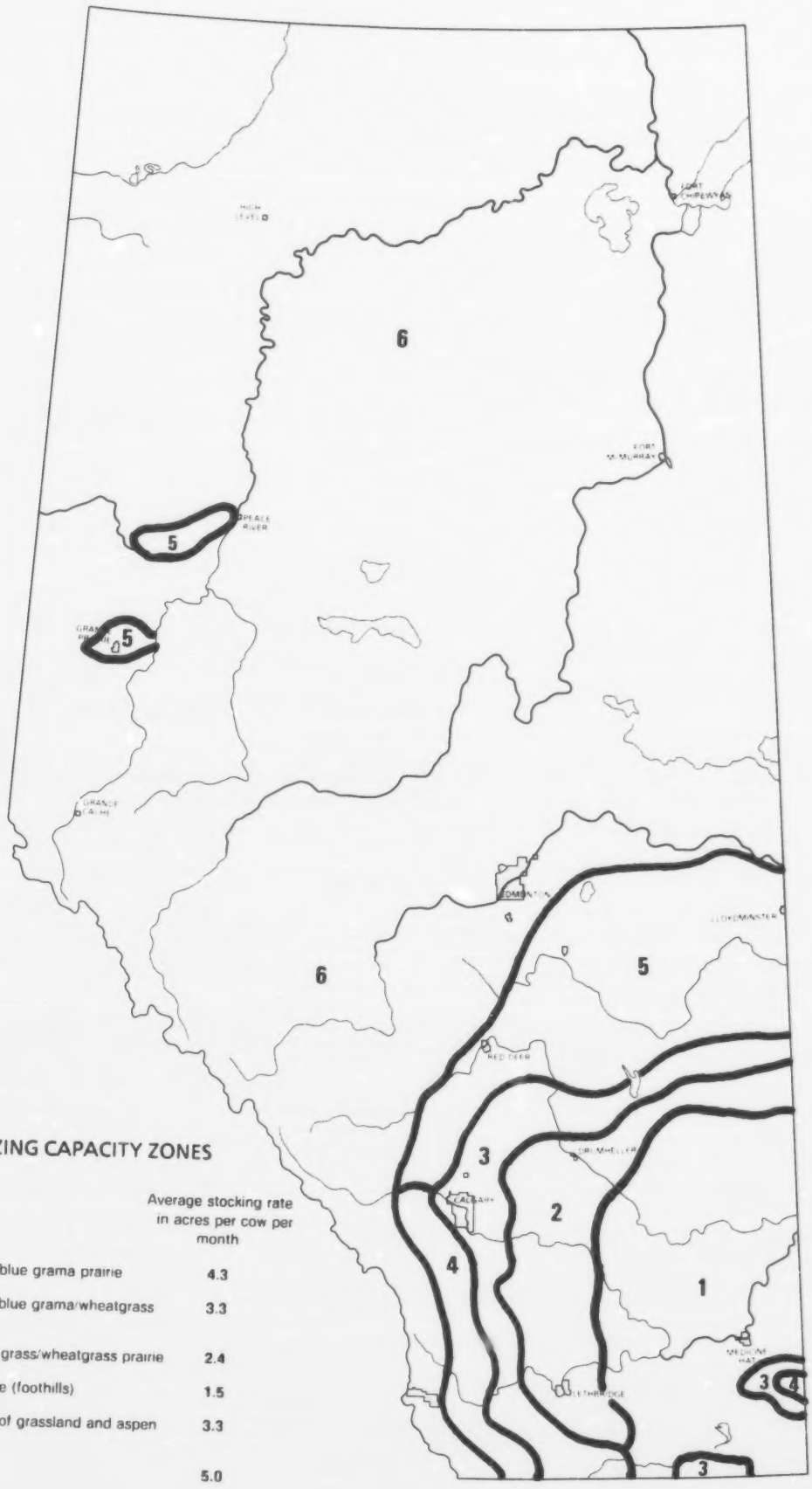
The balance of the rangeland utilized by domestic livestock consists of the native forage plants found in the poplar-treed areas of northern Alberta. These bushland ranges are poorer quality and except for the open meadow areas, are less productive than most of the prairie grasslands of central and southern Alberta.

The types and zones of grazing land are outlined in the map on page 10 which also provides information on the relative productivity of the various areas.

Land Under Grazing Lease

Region	Acres 000s	%
Southern	2 613	49.1
Central	445	8.4
Eastern Slopes	535	10.1
Peace River	786	14.8
North East	937	17.6
Total	5 316	100.0

A relatively small proportion of the total grazing lease acreage is located in the foothills of southern Alberta. Only 8 per cent of the provincial grazing lease acreage is located in the foothills south of Crossfield.



GRAZING CAPACITY ZONES

Zone		Average stocking rate in acres per cow per month
1	Needle-and-thread/blue grama prairie	4.3
2	Needle-and-thread/blue grama/wheatgrass prairie	3.3
3	Western porcupine grass/wheatgrass prairie	2.4
4	Rough fescue prairie (foothills)	1.5
5	Parkland (a mosaic of grassland and aspen groves)	3.3
6	Bush pastures	5.0

PRODUCED BY THE RESOURCE EVALUATION AND PLANNING DIVISION, ALBERTA FORESTRY, LANDS AND WILDLIFE, 1986

The Department of Forestry, Lands and Wildlife estimates that about 10 to 15 per cent of the total leased acreage has cultivation potential. This means only about 500 000 to 800 000 acres are potentially convertible. This is about one-half of one per cent of the total land area of Alberta.

Of course, not all of this potentially convertible land will be switched to cultivation. An even smaller fraction is expected to be sold because of non-agricultural resources which should remain under public ownership or because some leaseholders will likely prefer to retain the land under grazing lease. The Department estimates that up to 5% of the grazing leased land (270 000 acres) may actually be sold.

Increased Productivity

Although this amount of land is relatively small, compared to the full amount in agriculture in Alberta, the Department maintains that the returns will be significant. Assuming that the entire 270 000 acres is converted, about $30 million of gross revenue would be earned annually. This compares to revenues of about $5.4 million annually if the land were to remain under grazing lease. That gain reflects a large increase in productivity of the land.

Eastern Slopes Protected

The Eastern Slopes of Alberta's Rocky Mountains is an area of about 35 000 sq. mi. (22.4 million acres) containing a great wealth of resources such as water, timber, forage, wildlife, fisheries, minerals and mountain scenery. Virtually all of Alberta's supply of fresh water originates in this region, flowing eastward and northward into the Arctic Ocean and Hudson Bay.

The government emphasizes the fact that no grazing lease land will be sold in the Eastern Slopes Region except where integrated resource plans, having been developed with public input, clearly identify agricultural lands as a priority. Sales of such public land in the Eastern Slopes would then be considered, but only after all the environmental criteria for sales are met under the grazing lease conversion policy.

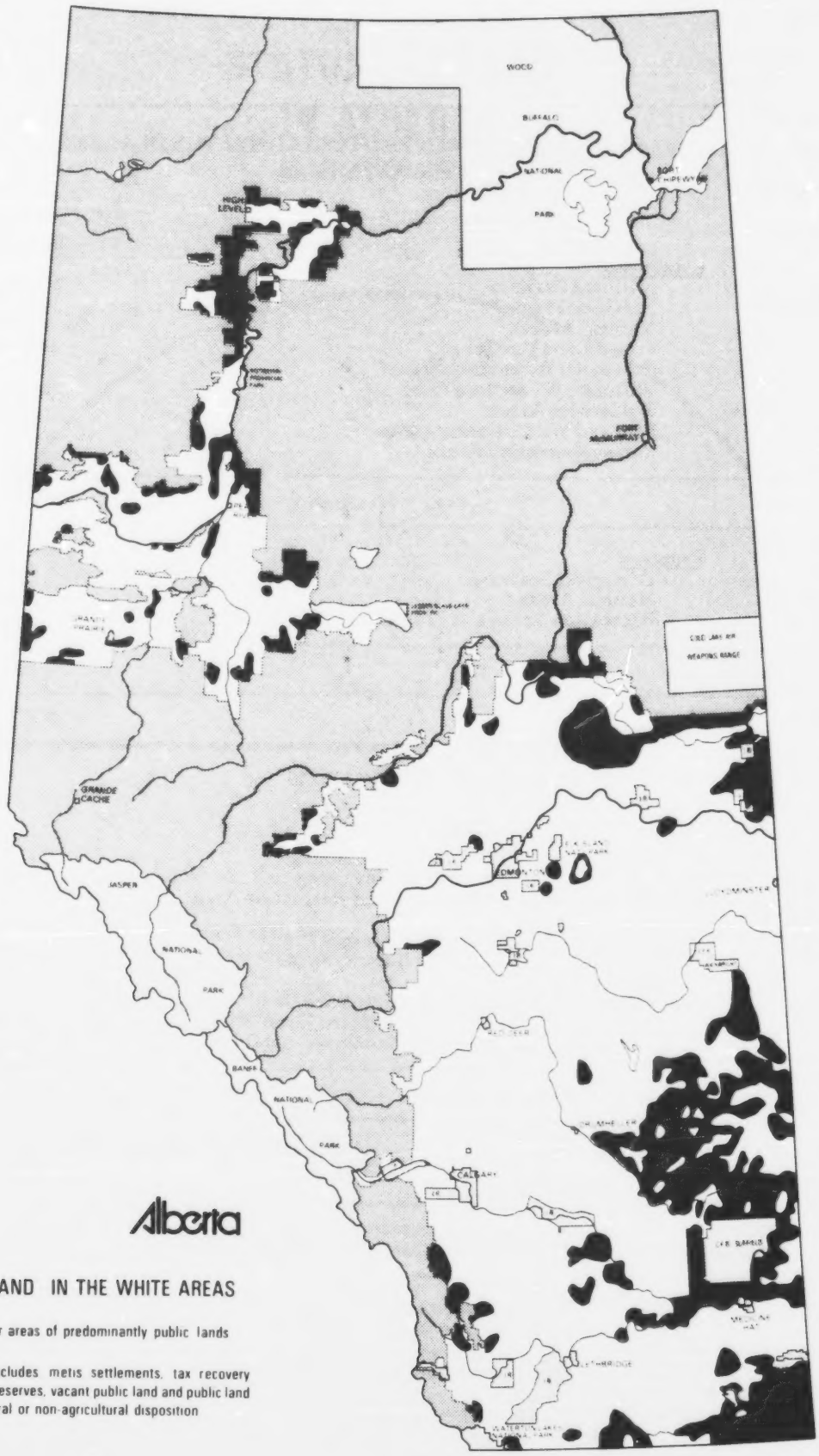
Alberta's Land Base

To help put this matter of grazing lease conversion into proper perspective, the tables on pages 12 and 14 present some facts about Alberta's land base and the amount of protected land in Alberta:

Alberta's Land Base	Acres 000's	% of Alberta
Privately-Owned Lands	45 521	27.8
Public Lands in Settled (White) Area	14 918	9.2
Non-Settled Public Lands (Green Area)	82 719	50.6
Provincial Parks, Wilderness and Natural Areas	1 753	1.1
Metis Settlements	1 249	0.8
Indian Reserves	1 622	1.0
Federally Controlled Lands (National Parks, Research Stations, Department of National Defense, etc.)	15 600	9.5
Total Area of Alberta	163 382	100.0
Land	159 232	97.5
Water	4 150	2.5

The Green Area mentioned above is forested lands withdrawn from settlement, managed for forestry and other multiple uses. The White Area is essentially the settled land in the province including the Peace River region.

The map on page 13 shows where major areas of public land are located.



PUBLIC LAND IN THE WHITE AREAS

Major areas of predominantly public lands

*Public land includes metis settlements, tax recovery land, grazing reserves, vacant public land and public land under agricultural or non-agricultural disposition

PRODUCED BY THE RESOURCE EVALUATION AND PLANNING DIVISION ALBERTA FORESTRY LANDS AND WILDLIFE 1986

CROWN LAND WITH PROTECTED STATUS IN ALBERTA
MARCH 31, 1986

		Acres 000's	% of Alberta
A.	Established		
	National Parks	13 364	
	Provincial Parks	309	
	Natural Areas	43	
	Forest Land Use Zones	1 395	
	Provincial Recreation Areas	11	
	Willmore Wilderness Park	1 136	
	Wilderness Areas	250	
	Bird and Wildlife Sanctuaries	172	
	Forest Recreation Areas	300	
		16 980	10.4
B.	Proposed		
	Ecological Reserves	147	
	Natural Areas	189	
	Recreation Areas and Provincial Parks	285	
		621	0.4
	Total	17 601	10.8%
C.	Other Government Initiatives to Protect and Enhance Public and Private Land*		
	Under Protective Zoning		
	Eastern Slopes		
	Prime Protection Zoning	2 472	
	Critical Wildlife Zoning	1 154	
	Bighorn Wildland Recreation Area	980	
	Within Integrated Resource Plans outside the Eastern Slopes	930	
	Buck for Wildlife (1986/87 Projected Goal)**	60	
	Wetlands for Tomorrow (Projected Goal)**	865	
	Waterfowl Management Plan (Projected Goal)**	1 300	
Total		7 761	4.7%

GRAZING LEASE CONVERSION

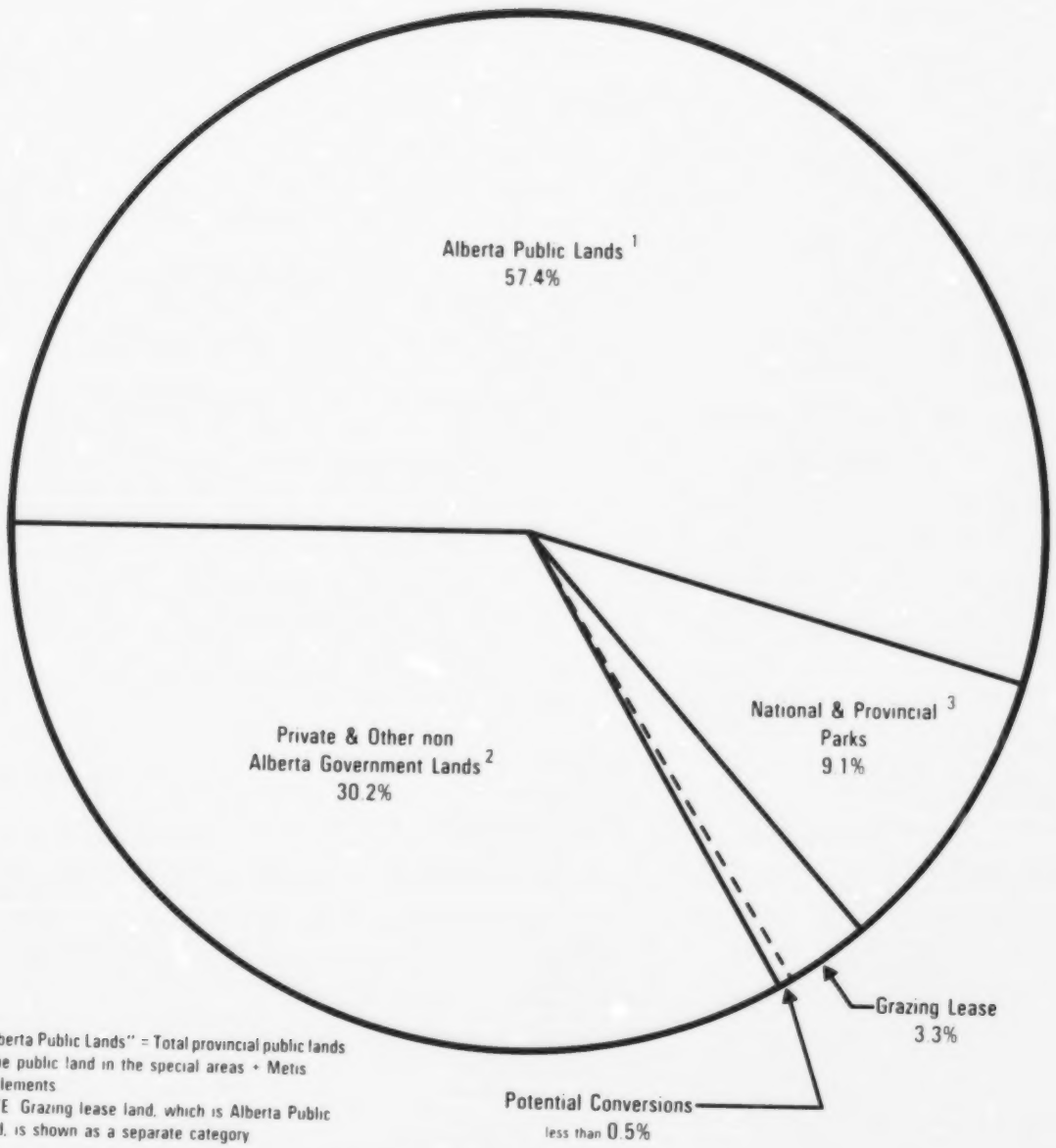
Total Grazing Lease Acreage	5 300
Estimated acreage suitable for conversion	800
Estimated acreage suitable for sale (part of the 800 suitable for conversion)	270

* In addition to the lands shown in part A and B above, the Alberta Government is also protecting or enhancing the lands shown in part C. However, there is some overlap with the lands described in part A and B. For example an area that is part Critical Wildlife Zone may also form part of a natural area.

** Programs include some privately-owned lands.

STATUS OF LANDS IN ALBERTA

MARCH 31, 1986

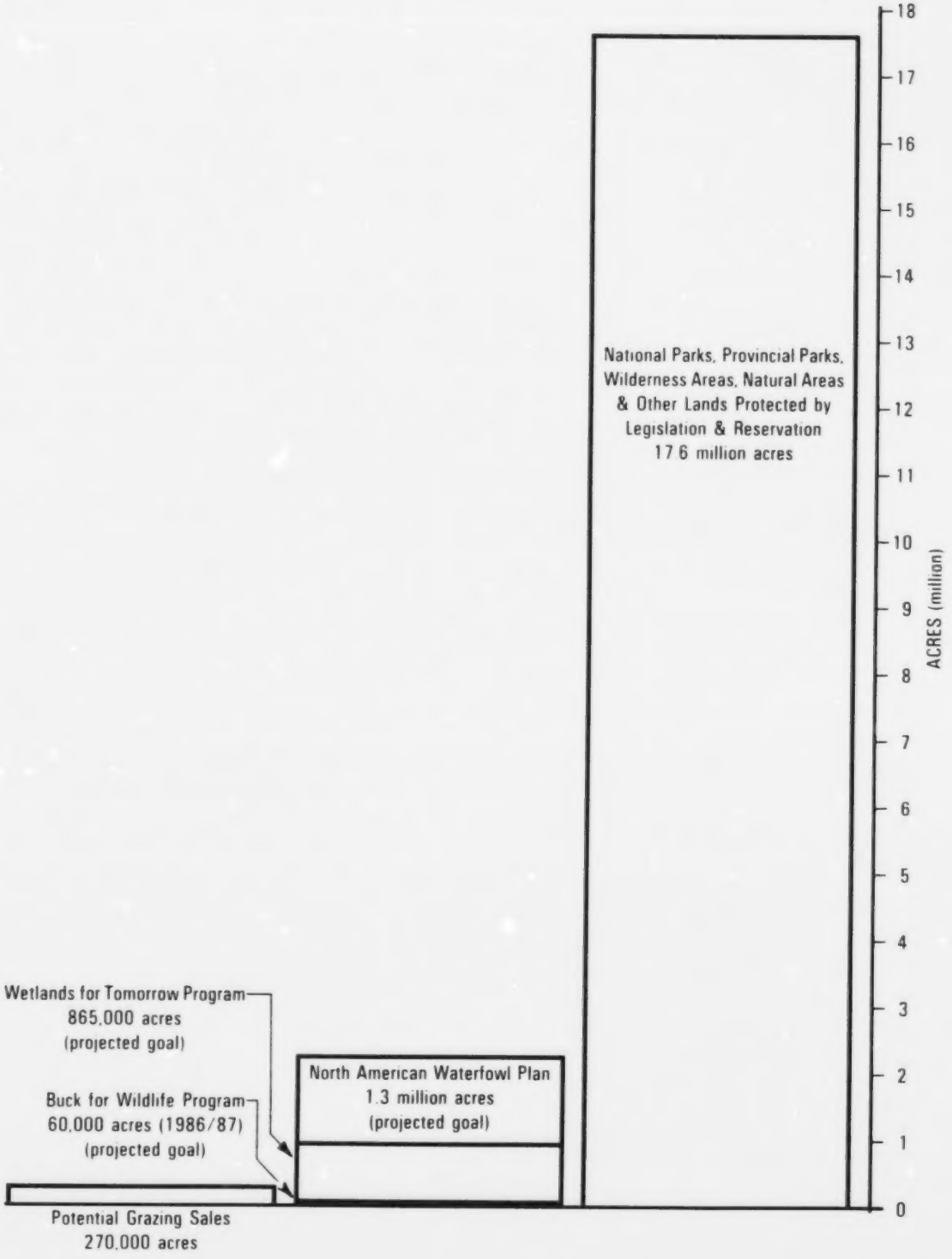


1 "Alberta Public Lands" = Total provincial public lands + the public land in the special areas + Metis Settlements
NOTE Grazing lease land, which is Alberta Public Land, is shown as a separate category

2 "Private and Other Non Alberta Government Lands" = Privately owned land + federally controlled lands + Indian Reserves. National parks, which are federally controlled lands, are shown as a separate category

3 Included under "National and Provincial Parks" is the Willmore Wilderness Park

GOVERNMENT INITIATIVES TO PROTECT, ENHANCE OR DEVELOP PUBLIC AND PRIVATE LAND



Issues and Concerns

A number of concerns have been expressed on the grazing lease conversion policy. Chief among them are the following:

- **Sale of Public Lands** -- Some persons have expressed concern that the policy might encourage widespread sale of public lands, depriving people of their traditional recreation sites now used for hunting, fishing, camping, hiking, berrypicking and so on.

  Under the conversion policy, the extent of sales is estimated to be only a small fraction of the total lands now under grazing lease (see page 11). It is estimated that up to 5% (270 000 acres) of the grazing lease land may be sold. Therefore, the policy in no way represents a widespread sale of public lands.

  As technology and public demands change, selling appropriate public land and buying private lands becomes necessary. It is an established and totally acceptable practice in Alberta and other provinces in managing the public land base.

- **Access and Trespass** -- Safeguards have been provided so that land will remain in public ownership if it contains key public access to traditional recreation land.

  The sale or conversion of grazing lease land to a farm development lease or sale should not reduce access. The grazing leaseholder like the private landowner may legally exclude the public while the land is under grazing lease.

  On the question of access, the provincial government is expanding its Use Respect program, which encourages cooperation among landowners and

recreationists. Its success rate in Southern and Central Alberta has been high. Well over 90 per cent of landowners surveyed have stated they would permit access if recreationists ask permission to enter the lands.

- **Critical Wildlife Habitat** -- Critics of the policy claim that environmentally sensitive lands and critical wildlife habitat will be sold. However, the government has clearly stated it will not sell these lands (see page 8).

- **Manpower and Information** -- Another issue raised is that, there may be a lack of information necessary to determine which lands are environmentally sensitive or critical wildlife habitat. Moreover, some people claim that government lacks the staff to review each parcel of land that leaseholders wish to convert.

  The Department of Forestry, Lands and Wildlife has records of all grazing leases which include the nature of the lands involved in each lease. These records indicate any interests expressed by government agencies on the land, such as those relating to forestry, subdivision or parks.

  When a leaseholder applies to convert, field staff check their most recent records. If a full inspection of the land was made within a reasonable period of time, the report will be used to determine suitability for conversion. If not, field staff will visit the site and prepare a report. This report includes information already on record and other necessary information required to ensure that the application is dealt with as the policy required.

  Reports could include information from other agencies on the wildlife habitat in the lease area. The Fish and Wildlife Division will undertake a site inspection of each habitat area. A Public Lands agrologist rates the

sensitivity of the land to cultivation and reports on its potential for recreation, based on a number of information sources.

- **Land Speculation** -- Some critics argue that once land is in private hands, nothing prevents the owner from speculating on the property. This is not true; a number of conditions for sale and criteria for suitability prevents or minimizes speculation. (See pages 7 and 8). Typically land suitable for conversion will have little or no speculative value.

- **Public Input** -- Some environmentalists state the policy should be taken to the public for its opinion, and that this should have been done before the policy was announced. Any lands proposed for sale should be publicly listed to allow input from concerned parties.

  Extensive public input was obtained through the Environment Council of Alberta and other sources (see page 6). Additional input is now being obtained by means of the Minister's task force headed by Jack Campbell, MLA Rocky Mountain House (see page 1). Individual conversion decisions will be periodically published.

Public Lands for Agricultural Purposes

Although the posting and appeals system is no longer part of the grazing lease conversion process for eligible applicants, this system and three other methods are used to award unoccupied and vacant public lands to farmers for agricultural purposes. These are outlined below:

- **Posting and Appeals System** -- Following the posting of land the government makes an interim decision on who is to be awarded the land. This decision is open for appeal to the local agricultural development

committee. Land is awarded on the basis of 'need'. Land values are based on appraisals using comparable sales data and the rentals established by government policy. Posting may be used for public lands adjacent to a number of established, small-scale farmers who require additional lands to form economically-viable farm units.

- **Draw System** -- Applications are screened only for compliance with eligibility criteria, such as age, resources and farm experience, as specified on the posting notice. Normally, this system is used to dispose of lands in newly opened areas for beginning farmers.

- **Tender System** -- Eligible applicants are invited to submit bids to purchase land, obtain a grazing lease, or farm development lease without option to purchase. Bonus bids over and above the standard specified rental rate or minimum purchase price are submitted. This approach is used where there is no need to allocate specific parcels to specific small-scale farmers.

- **Public Auction** -- Interested parties, provided they are Canadian citizens or a Canadian corporation, are invited to submit verbal bids. This system is used where there is no need to allocate land to specific, small-scale farmers.